



GOVERNMENT OF INDIA
TARIFF COMMISSION



REPORT

ON

The Continuance of Protection to the Automobile Hand Tyre Inflator Industry

सत्यमेव जयते

PRINTED IN INDIA BY THE MANAGER GOVT. OF INDIA PRESS
NASIK ROAD PUBLISHED BY THE MANAGER OF PUBLICATIONS
DELHI 1960

Price : Re. 1.00 or 1s. 6d.

(C)

India, Tariff (——Commission)
Continuance of Protection to the
Automobile Hand Tyre Inflator
Industry 1960



सत्यमेव जयते

CONTENTS

PARAGRAPH	PAGE
1. Previous history	1
2. Present inquiry	1
3. Method of inquiry	1
4. Scope of the inquiry	2
5. Implementation of the Commission's recommendations made in the last Report	2
6. Present position of the industry	2
7. Rated Capacity and actual production	4
8. Domestic demand	5
9. Raw materials	6
10. Quality of the indigenous product	7
11. Import control policy and imports	7
12. Existing rate of duty	10
13. C. i. f. Prices and landed costs	10
14. Estimate of fair ex-works price of indigenous hand tyre inflators	11
15. Comparison of landed cost without duty of imported Hand tyre inflators with the Commission's estimate of fair ex-works price of the indigenous product	12
16. Measure of protection	12
17. Summary of conclusions and recommendations	13
18. Acknowledgements	13

APPENDICES

I. List of persons or bodies to whom the Commission's questionnaires and letters were issued and from whom replies were received	15
II. List of persons who attended the public inquiry on 26th February, 1960	18

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY

New Delhi, the 22nd July, 1960.

NOTIFICATION

Tariffs

No. 21(1)-T.R./60.—Whereas the Central Government is satisfied, after due inquiry, that the duty chargeable under the First Schedule to the Indian Tariff Act, 1934 (32 of 1934), in respect of the articles specified in item No. 75(17) of the said Schedule, and characterised as protective in the third column thereof, has become excessive for the purpose of securing the protection intended to be afforded by it to similar articles manufactured in India.

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 4 of the said Act, as in force in India and as applied to the State of Pondicherry, the Central Government hereby reduces with effect from the 22nd July, 1960, the duty of customs on the said articles so that the duty chargeable shall from the said date be as specified in column 3 of the table annexed hereto.

THE TABLE

Item No. of Tariff	Name of Article	Rate of duty
1	2	3
75 (17)	Hand operated tyre inflators and connections and parts thereof, adapted for use as accessories of motor vehicles.	35 per cent <i>ad valorem</i>

K. R. F. KHILNANI,
Joint Secretary to the Government of India.

PERSONNEL OF THE COMMISSION

SHRI K. R. P. AIYANGAR	<i>Chairman</i>
DR. S. K. MURANJAN, D. SC. (LONDON)	<i>Member</i>
SHRI J. N. DUTTA	<i>Member</i>
SHRI R. S. BHATT	<i>Member</i>

PANEL FOR THE INQUIRY

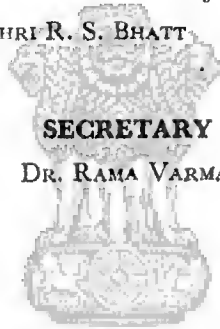
SHRI K. R. P. AIYANGAR

DR. S. K. MURANJAN

SHRI R. S. BHATT

SECRETARY

DR. RAMA VARMA



GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY

New Delhi, the 22nd July, 1960.

RESOLUTION

Tariffs

No. 21(1)-T.R./60.—The Tariff Commission has submitted in Report on the continuance of protection to the Automobile Hand Tyre Inflator Industry on the basis of an inquiry undertaken by it under Sections 11(c) and 13 of the Tariff Commission Act, 1951. Its recommendations are as follows :—

- (1) Protection to the industry need not be continued after its expiry at the end of the current (1960) year.
- (2) The Indian Standards Institution should take up the formulation of a standard for seamless brass tubes of size 1½" outside dia. and 22 gauge wall thickness, required for the hand tyre inflators industry.
2. Government accept recommendation (1) and the necessary legislation will be undertaken in due course.
3. The attention of the Indian Standards Institution is drawn to recommendation (2) above.

ORDER

ORDERED that a copy of the Resolution be communicated to all concerned and that it be published in the Gazette of India.

K. R. F. KHILNANI,
Joint Secretary to the Government of India.

REPORT ON THE CONTINUANCE OF PROTECTION TO THE AUTOMOBILE HAND TYRE INFLATOR INDUSTRY.

1. The Tariff Commission recommended protection to the hand tyre inflator industry for the first time in its Report of 1954 and recommended its continuance but at a reduced rate of 25 per cent. in its second Report of 1957. Government accepted the recommendations for protection, but having regard to the existing structure of Revenue Tariff decided not to disturb the then existing protective rate of duty of 45 per cent. *ad valorem*.

Previous history

2. As the protection granted to the industry is due to expire on 31st December 1960, the present inquiry was undertaken under Section 11(e) read with Section 13 of the Tariff Commission Act, 1951 which empowers the Commission to inquire into and report on any further action required in relation to the protection granted to the industry with a view to its increase, decrease, modification or abolition according to the circumstances of the case.

Present inquiry

3.1. On 2nd December, 1959, the Commission issued a press note, inviting firms, associations or persons interested in the industry to obtain copies of the relevant questionnaires from the Secretary to the Commission. Special questionnaires letters were also issued to the producers, importers, consumers and distributors of indigenous hand tyre inflators. The Senior Industrial Adviser, Ministry of Commerce and Industry (Development Wing) was requested to forward a detailed memorandum on the present position of the industry. The Director General of Supplies and Disposals, Government of India, was addressed for information regarding the quality of the indigenous product, policy of purchase followed by the Government from time to time and other allied matters. Data regarding c.i.f. prices and landed costs of various types of hand tyre inflators were sought from the Collectors of Customs at the various ports. The Trade Representatives to the Government of India in the U. K. and West Germany were requested to furnish the latest f.o.b. prices of hand tyre inflators. The Indian Standards Institution, Delhi was requested to inform the Commission about the position regarding formulation of standard specifications for automobile hand tyre inflators. Memoranda on the present position of the industry in the respective States were invited from the Directors of Industries, Bombay, Delhi and Madras. National Pipes and Tubes Co., Calcutta and M/s. Devidayal Sales (Private) Ltd., Bombay were requested to inform the Commission about the progress made by them in their schemes to instal a tube processing plant for the manufacture of seamless brass tubes of the required specifications. A list of those to whom the Commission's questionnaires/letters were issued and from whom replies or memoranda were received is given in Appendix I.

3.2. Shri K. R. P. Aiyangar, Chairman and Shri J. N. Dutta, Member, visited the factory of Union Company (Accessories) Private Ltd., Madras on 4th January, 1960. Dr. S. K. Muranjan and Shri R. S. Bhatt, Members, visited the same factory on 2nd January and 13th January, 1960 respectively. Shri K. R. P. Aiyangar, Chairman and Shri R. S. Bhatt, Member visited the factory of Associated Engg. Works, Delhi, on 22nd February, 1960. Shri U. R. Padmanabhan, Cost Accounts Officer examined the cost of production of hand tyre inflators produced by Ahmedabad Star Engineering Works Private Ltd., Ahmedabad between 2nd January and 4th January, 1960. Shri E. S. Natarajan, Assistant Cost Accounts Officer examined the cost of production of hand tyre inflators produced by Union Co. (Accessories) Private Ltd., Madras between 31st December, 1959 and 11th January, 1960. Shri C. S. Ambady, Research Officer (Engineering) visited the factory of Union Co. (Accessories) Private Ltd., Madras on 6th January, 1960. A public inquiry was held on 26th February, 1960 at the office of the Commission in Bombay. A list of persons who attended the public inquiry is given in Appendix II.

4. As on previous occasions, the scope of the present inquiry is confined to hand operated tyre inflators adopted for use as accessories of motor vehicles.

5.1. In its Report of 1957 the Commission made recommendations other than that relating to tariff duty and these together with the extent to which they are implemented are stated below :—

5.2. *Recommendation* (1) "The request of the industry to extend the validity of licences to one year for import of raw materials should be favourably considered by Government".

We are informed that Government have instructed the Iron & Steel Controller, Calcutta, to issue import licences for bright drawn free cutting rods, spring steel wires and certain other items with a validity of one year.

5.3. *Recommendation* (2) "It will be advisable for the manufacturers who produce hand tyre inflators (pumps) out of welded tubes to use seamless tubes for the manufacture of these pumps".

Three out of the four existing units namely (i) Ahmedabad Star Engineering Works Private Ltd., Ahmedabad, (ii) Associated Engineering Works Ltd., Delhi and (iii) Union Co. (Accessories) Private Ltd., Madras, are using seamless tubes for manufacturing inflators. The fourth unit pleads inability to use such tubes on the grounds of high cost and of absence of long term orders but as a matter of fact, has suspended production from August, 1958.

6.1. Of the 5 manufacturing units which existed at the time of the first inquiry in 1954, one unit namely, International Engineering Service, Bombay had ceased

production by the time of the next inquiry in 1957. Since then a second unit namely, Hindusthan Industries and Machine Manufacturing Company, Kashi has suspended production but another unit namely, Indo-Belga Engineering Co. Ltd., Ahmedabad is reported to be in the field. Besides these four units, there are two small units namely, Urban Engineering Association, Calcutta and West Bengal Corporation, Calcutta from which Hindustan Motors is obtaining its supplies of inflators. The names of and details about the units engaged in the production of hand tyre inflators at present are given below so far as these are available.

6.1.1. *Union Company (Accessories) Private Ltd., Madras.*

The relevant facts about this Company are given in our previous Report of 1957. Besides automobile hand tyre inflators, it manufactures cycle tyre inflators, foot pumps, electric horns, rocker covers, starting handles and radiators, etc. The Company employed 63 workers in 1957, 60 in 1958 and 52 in 1959.

6.1.2. *Ahmedabad Star Engineering Works Ltd., Ahmedabad.*

The details about this Company are given in our previous Report of 1957. In addition to automobile inflators, it also manufactures pumps for cycles, kerosene and spraying, horns, round horns, battery terminals, cycle foot pumps, cycle bells, etc. The number of workers on its pay-rolls continues to be 10 in its inflator section.

6.1.3. *The Associated Engineering Works Ltd., Delhi.*

This public limited company with a paid-up capital of Rs. 35,000 manufactures in addition to automobile hand tyre inflators, mechanical jacks, hydraulic jacks, starting handles etc. It employs 4 workers for the manufacture of hand tyre inflators.

6.1.4. *Indo-Belga Engineering Co. Ltd., Ahmedabad.*

The capacity of this unit for automobile as well as cycle inflators is reported to be 14,400 numbers on a single shift basis.

6.1.5. *Urban Engineering Association, Engineers & Manufacturers, Calcutta.*

This unit has claimed a capacity of 7,200 per annum for tyre pumps with connections for both cars and trucks.

6.1.6. *West Bengal Corporation, Calcutta.*

This unit has claimed a capacity of 12,000 pieces (6,000 for cars and 6,000 for trucks) per annum.

6.2. Of the units listed above, Union Company (Accessories) Private Ltd., Ahmedabad Star Engineering Works Private Ltd. and Indo-Belga Engineering Co. Ltd., are borne on the list of the Development Wing.

7.1. We give below the rated capacity and actual production of seven units including Hindusthan Industries and Machine Manufacturing Co., Kashi, which has suspended production from August 1958 as these stood at the time of the last and present inquiries.

Statement showing the rated capacity and actual production of hand tyre inflators.

(Figures in nos.)

Sl. No.	Name of the Unit	Rated capacity on single Shift basis (1957)	Present capacity on single shift	Actual Production		
				1957	1958	1959
1	Union Co. (Accessories)	15,600	15,600	28,400	19,100	26,940
2	Ahmedabad Star Engg. Works	36,000	24,000	2,582	3,294	3,293
3	Associated Engg. Works. Ltd.	12,000	12,000	2,254	1,538	1,403
4	Hindusthan Industries & Machine Mfg. Co.	24,000	24,000	1,019	2,550	Nil
5	Indo-Belga Engg. Co.	..	14,400*	9,256*	15,234*	4,102*
6	Urban Engg. Asson.	..	7,200	1,719	1,319	7,375
7	West Bengal Corpn.	..	12,000	1,700	3,333	4,671
TOTAL		87,600	109,200	46,930	46,368	47,784

*Figures from the Development Wing's memorandum and include cycle pumps also.

Statement showing the rated capacity and actual production of pump connections.

(Figures in nos.)

Sl. No.	Name of the Unit	Rated capacity on single shift basis (1957)	Present capacity	Actual Production		
				1957	1958	1959
1	Union Co. (Accessories)	60,000	60,000	62,158	102,300	42,590
2	Ahmedabad Star Engg. Works	60,000	24,000	6,011	4,860	4,128
3	Associated Engg. Works Ltd.	12,000	12,000	3,569	3,234	2,188
4	Hindusthan Industries and Machine Mfg. Co.	24,000	24,000	N.A.	N.A.	N.A.
5	Indo-Belga Engg. Co.	Nil	Nil	Nil	Nil	Nil
TOTAL		156,000	120,000	71,738	110,394	48,906

In 1957, the Commission revised the total capacity of the industry on single shift basis for pumps from 140,000 in 1954 to 87,600. If we exclude the capacity of Hindusthan Industries & Machine Manufacturing Co. which has not been in production from August 1958 and include Indo-Belga Engineering Co. Ltd. the capacity of the industry for pumps should be lower by 21,600 numbers. But as observed before in paragraph 6.1 two small units at Calcutta which supply Hindusthan Motors with its requirements of inflators claim capacity of 7,200 pieces and 12,000 pieces respectively. The over-all capacity of the industry, therefore, may be stated to be 85,200 without the inclusion of the unit at Kashi and 109,200 if that unit is included.

7.2. It will be observed that production of pumps has been steady during the last three years but far below the rated capacity of the industry.

8.1. The Commission in its 1957 Report had estimated that the demand for hand tyre inflators was not likely to exceed 50,000 by 1960 and that the demand for connections for the same year would be 150,000 on the basis of the accepted ratio of 3 connections for 1 pump. In making these estimates, the Commission took into account the facts that with the exception of one manufacturer, producers of vehicles do not as a rule supply hand tyre inflators as original equipment, that with the growth of service stations in urban and other areas, the pump is required only as a stand-by and finally that the increasing use of tube-less tyres must affect the demand for pumps adversely. It was mentioned that automobile manufacturers are as a measure of economy not giving hand inflator as part of the tool kit with supply of cars as original equipment. This is not a type of economy to be commended in the context of producing automobiles at lower costs.

8.2. We have received no estimates for the present or future from producers or consumers. One importer namely, the Goodyear Tyre & Rubber Co. of India points out that the demand for inflators is on the decline. Dunlop Rubber Co. (India), which is the distributors for Union Company (Accessories) estimates that the demand will rise from 48,000 in 1960 to 66,000 by 1962 on the assumption, which is not correct, that the producers of vehicles will supply pumps as original equipment. The Development Wing adopts the estimate of this Commission for 1960 as indicated above and expects the demand to increase annually by 5 per cent. during the next 2 years.

8.3. As there is very little import of hand tyre inflators, the following statement of domestic production, sales and year-end stocks should

give sufficient indication of the course of demand since our last Report of 1957.

	1957	1958	1959
Production	43,511	39,835	35,232
Sales*	35,150	25,378	31,564
Stock* (year-end)	954	177	259

*Excluding Indo-Belga Engineering Co. Ltd.

In interpreting these figures, we have to bear in mind the recent foreign exchange difficulties and the consequent marked shortage of vehicles. It will be observed that the production in 1957 slightly exceeded the previous peak level of 1953 (43416) but in view of the recent difficulties of the automobile industry it would be unsafe to read any trend in the subsequent fluctuations of production and sales.

8.4. In the light of the factors indicated above and the discussions at the time of the inquiry, we feel that the previous estimate of the Commission of 50,000 for inflators and 1,50,000 for connections for the year 1960 holds good. The supply position of automobile vehicles is expected to improve during the next few years and it is more than likely to offset the decline in demand of hand tyre inflators. We, therefore, estimate that the demand for inflators will keep stable at this level with a slight upward trend.

9.1. The three principal raw materials of the industry namely, solid drawn seamless brass tubes, bright free cutting mild steel rods and spring steel wire are still not produced in the country and continue to be imported. The scheme of the National Pipes and Tubes Co. Ltd. to instal a tube processing plant has been delayed on account of non-issue of the necessary import licence, but M/s. Devidayal (Sales) Private Ltd. have installed an extrusion press for non-ferrous tubes with a capacity of 3,600 tons per annum which is expected to produce brass tubes of required wall thickness and diameter by the end of 1960. As indicated in paragraph 5 Government has issued instructions to extend the validity of licences for import of raw materials to one year.

9.2. From the facts placed before us, it is clear that licences for import of raw materials are being issued for small quantities in driblets, making regular production difficult. The Development Wing has merely stated that the firms borne on its list are receiving regular licences, but they should also take steps to see that manufacturers in a protected industry who have a programme of production and ask for necessary raw materials are not handicapped by delays or cuts in affording them licences.

9.3. As domestic production of seamless brass tubes is to start within this year it is hoped that this particular difficulty will not continue much longer. Steps may be taken to ensure that the domestic

producer of tubes will maintain an adequate and regular supply of the requisite seamless brass tubes to this industry.

10.1. We have received no specific complaints about the quality of the hand tyre inflators indigenously produced. At the time of the last inquiry two of the four units in actual production at present namely, Union Co. (Accessories) and Associated Engineering Works were manufacturing inflators out of seamless brass tubes and since then a third unit viz., Ahmedabad Star Engineering Works has also followed suit.

10.2. The Development Wing reports that it has received no complaints against the domestic product. Goodyear Tyre & Rubber Co., Dunlop Rubber Co., Hindustan Motors Ltd., Premier Automobile and others are satisfied with the quality of inflators supplied to them. The Union Company Ltd., which at present accounts for 80 per cent of the output of the industry claims to conform to British Standard Specifications.

10.3. It is understood that at present there are four sizes, namely, 20" \times 1½" dia., 20" \times 1¾" dia., 18" \times 1½" dia. and 18" \times 1¾" dia. which are manufactured in the country. Out of these four sizes, one size 20" \times 1¾" dia. is reported to be most popular. The dimension of the seamless brass tube required for the manufacture of this size is 1¾" outside dia. and 22 gauge wall thickness. As the manufacture of seamless brass tubes is being taken up within the country by the end of this year, standardisation of this size of seamless brass tube is expected to result in reduction of cost and improvement in the delivery period. We, therefore, recommend that the Indian Standards Institution should take up the formulation of a standard for brass tubes of this size required for the hand tyre inflator industry.

11.1. *Import control policy* : Automobile hand tyre inflators are not treated as a separate item for the purpose of import control. Licences for the import of specified motor vehicle parts falling under Serial Nos. 293, 295 and 297 of Part IV of Import Trade Control Schedule are granted to established importers on the basis of a joint quota of past imports of all such articles. Motor vehicle parts for which licences granted on the basis of joint quota are not valid are grouped into two lists, List I and List III. List I contains items for which licences issued for motor vehicle parts on the basis of joint quota are not valid and List III contains items for which licences are to be granted on the quota based on the imports of individual items. List II contains items for which the licences issued on the basis of joint quota can be utilised. Automobile hand tyre inflators are included as one of the items in List II. The following table shows the joint quota licences issued for the import of motor vehicle parts falling under Serial Nos. 293, 295 and 297 of Part IV (Appendix XXVI—List II) of I.T.C. and the percentage of the face value of the licence that can be utilised

for the import of items in List II since January-June 1957 to October 1957—March 1958.

Licensing period	Joint quota licence issued	Percentage of the face value of the licence that can be utilised for the import of items specified in List II.
January-June 1957	60% General and 60% soft.	Not more than 4%.
July-September 1957	<i>Ad hoc</i> Licences were issued to actual users only.	
October, 1957-March 1958	25% General and 25% soft.	Not more than 4%.

From the licensing period April-September 1958 to current licensing period April-September 1960, imports of automobile hand tyre inflators are completely banned and this item has been transferred to List I [Item (30) of Appendix XXVII].

11.2. *Imports* : Prior to 1957, imports of automobile hand tyre inflators were not separately recorded in the published accounts relating to the Foreign Trade and Navigation of India. In accordance with the Commission's recommendations in its Report (1954), the Director General of Commercial Intelligence and Statistics, Calcutta was furnishing every month since May 1955 figures of imports of hand tyre inflators and connections and parts thereof in terms of numbers. Since 1957, however, import statistics are again being published by him in 'Monthly Statistics of the Foreign Trade of India' in terms of weight in cwts. In April 1959 the Commission requested him to furnish import statistics in terms of numbers. He has informed that since the Collectors statistics in terms of numbers. He has informed that since the Collectors of Customs have expressed their inability to furnish the required information, it would not be possible for his Department to compile the Statements in terms of numbers. As import figures in numbers are not available, the statement on the next page shows the imports of automobile hand tyre inflators and connections and parts thereof for 1957, 1958 and 1959 in terms of cwts. and value.

Statement showing countrywise imports of automobile hand tyre inflators and connections and parts thereof in terms of weight in Cwts. and value in Rupees during 1957, 1958 and 1959

	1957			1958			1959		
	Hand tyre inflators		Connections & parts thereof	Hand tyre inflators		Connections & parts thereof	Hand tyre inflators		Connections & parts thereof
	Quantity cwts.	Value Rs.		Quantity cwts.	Value Rs.		Quantity cwts.	Value Rs.	
United Kingdom	320	59,469	21,313	278	84,490	1,295	N.A.	453	..
West Germany	245	60,899	11,832	175	46,645	12,612	N.A.	74	14,431
Germany Eastern	11	1,004	..	..	..	..	N.A.	..	..
U.S.A.	5	14,144	474	..	491	..	N.A.	..	1,566
Switzerland	..	..	..	..	..	..	N.A.	20	..
TOTAL	581	1,35,516	33,619	453	1,31,626	13,907	..	547	15,997

12. Hand tyre inflators are assessed to customs duty under item Existing rate of duty No. 75(17) of the First Schedule of the Indian Tariff Act of 1934. The relevant extract is reproduced below :—

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty
				The U.K.	A British Colony	Burma	
75 (17)	Hand operated tyre inflators and connections and parts thereof, adapted for use as accessories of motor vehicles.	Protective	45 per cent <i>ad valorem</i>	..	..	..	December, 31st, 1960.

13. As imports of hand tyre inflators have ceased from April 1958, the Collectors of Customs were not in a position to furnish us c.i.f. prices and landed costs. The High Commission of India in U. K. has transmitted to us some f.o.b. export prices as furnished by the Dunlop Rubber Co. in U. K. For a single acting hand pump with a barrel of 20" × 1½", a fitted foot-piece and 30" connection, the Company has quoted Rs. 10.50 as its current nett export price. Our Embassy in West Germany furnished a list of f.o.b. prices for various sizes of hand pumps, which are cheaper; but as these pumps are made of steel barrels and do not conform to the standard size in vogue in this country, the prices are not comparable for our present purpose.

For estimating the quantum of protection we have, therefore, adopted the export price as quoted by the Dunlop Co., U. K. With the addition of freight and insurance at 10 per cent and clearing charges, the landed cost without duty works out to Rs. 11.61 per piece. On the same basis the landed cost of imported hand tyre inflators works out as follows :

	Per inflator
C.i.f. price	Rs. 11.55
Clearing charges	0.06
Landed cost without duty	11.61
Customs duty at 45%	5.20
Landed cost with duty	16.81

14.1. Our Cost Accounts Officers examined the cost of production of hand tyre inflators produced by the Union Company (Accessories) Private Ltd., Madras, for the year ended 30-9-1959 and the Ahmedabad Star Engineering Works Private Ltd., Ahmedabad for the year ended 31-12-1958. As the producers desire that the details of their costs should be kept confidential, the reports of the Cost Accounts Officers are being sent as separate enclosures to this Report.

14.2. We give below our estimates of costs for the two costed units:

	A			B		
	Auto- mobile hand tyre inflator,	Pump connec- tion	Auto- mobile H.T.I. com- plete with pump connec- tion Prodn. 3000 nos. Rs. per piece	Auto- mobile H.T.I.	Pump connec- tion	Auto- mobile H.T.I. com- plete with pump connec- tion Produc- tion 4000 nos. Rs. per piece
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Total material cost	4.77	0.44	5.96*	4.27	0.97	5.24
2. Conversion charges in- cluding packing	4.15	1.01	5.16	2.07	0.55	2.62
3. Works Cost	8.92	1.45	11.12	6.34	1.52	7.86
4. Return on capital emp- loyed at 10%	0.53	0.11	0.64	..	..	0.40
5. Royalty at 2½% . . . . .	..	..	0.28	..	..	..
6. Fair ex-works price . . . . .	..	..	12.04	..	..	8.26

*Includes Re. 0.75 by way of cost of rubber hose. The rubber hose is not supplied by the company.

14.3. In estimating the future costs we have taken working capital as equivalent to 4 months' cost of production and allowed a return of 10 per cent on employed capital. As both companies manufacture several other products besides hand tyre inflators, conversion charges under different heads have been allocated in proportion to the wages paid for the manufacture of inflators on the one hand and other articles on the other. In the case of the Union Company the rubber hose used for

pump connections is supplied by their distributors, Dunlop Rubber Co. and an addition of Re. 0:75 has therefore been made to its material cost.

15. For the purpose of estimating the quantum of protection, the fair ex-works price of hand tyre inflators has been taken as the simple average of the estimates we have made for the two producers. As indicated earlier, only one manufacturer of vehicles supplies inflators as original equipment and the bulk of the industry's output finds its way to the replacement market where different products are sold in close competition with each other. A simple average is therefore a better indication of the market-wise situation in which the more expensive product must stand its ground on the basis of better quality. The following statement gives a comparison of the landed cost ex-duty with the estimated ex-works price.

	Rs.
1. C. i. f. price	11.55
2. Clearing charges	0.06
3. Landed cost ex-duty	11.61
4. Fair ex-works price of hand tyre inflator complete with connection	10.15
5. Difference between 4 and 3(4-3)	(-)-1.46
6. Difference at (5) above as a percentage on c.i.f. i.e. item (1) above	(-)-12.64%

16. It will be seen from the above statement that the indigenous hand tyre inflator compares favourably in its cost of production with the foreign product and is no longer in need of protection. It will be recalled that even in its Report of 1957 the Commission had recommended a substantial reduction in the protective duty and it was only on revenue considerations that Government allowed the existing rate of duty to continue. The domestic industry has demonstrated its ability to put on the market a product of the required quality and its existing capacity is more than adequate to meet any likely rise in demand in the future, provided it is kept fully supplied with the necessary raw materials. Recent trends also make it clear that the hand tyre inflator is required more as a stand-by than as a piece of equipment in regular and constant use and that for this reason the existing ban on imports is not likely to cause any inconvenience to the users of vehicles. It is clear from the evidence tendered in the course of the present inquiry that the industry feels more concerned about regular and sufficient supplies of its raw materials than duty protection and that the largest producer avowed his lack of interest in the continuance of protection. In view of all these considerations, the Commission recommends that protection to the hand tyre inflator industry need not be continued after its expiry at the end of the current (1960) year.

17. Our conclusions and recommendations are summarised as **Summary of conclusions and recommendations.** under:

1. The present annual rated capacity for hand tyre inflators is 85,000 and for pump connections 96,000.

[Paragraph 7.1.]

2. Production of hand tyre inflators has been steady during the last three years but far below the rated capacity of the industry.

[Paragraph 7.2.]

3. The previous estimate of the Commission of 50,000 for inflators and 150,000 for connections for the year 1960 holds good and the demand for inflators will keep stable at this level with a slight upward trend.

[Paragraph 8.4.]

4. Most of the consumers are satisfied with the quality of hand tyre inflators supplied to them.

[Paragraph 10.2.]

5. The Indian Standards Institution should take up the formulation of standard for seamless brass tubes of size $1\frac{3}{8}$ " outside dia. and 22 gauge wall thickness, required for the hand tyre inflators industry.

[Paragraph 10.3.]

6. Protection to the industry need not be continued after its expiry at the end of the current (1960) year.

[Paragraph 16.]

18. We wish to thank the manufacturers, importers and consumers **Acknowledgements** for furnishing us with valuable information in connection with this inquiry. *बधाई*

K. R. P. AIYANGAR,
Chairman.

S. K. MURANJAN,
Member.

R. S. BHATT,
Member.

RAMA VARMA,
Secretary.

BOMBAY,

Dated 19th April, 1960.

APPENDIX I

[Vide paragraph 3.1]

List of persons or bodies to whom the Commission's questionnaires and letters were issued and from whom replies were received

* Indicates those who replied or sent memoranda.

@ Indicates that they are not interested.

Producers

- *1. Ahmedabad Star Engg. Works Private Ltd., 1730, Haribhai's Dehla, Outside Prem Gate, Ahmedabad-11.
- *2. Associated Engineering Works Ltd., Kashmere Gate, Delhi-6.
- *3. Hindustan Industries & Machine Manufacturing Co. Ltd., Konia, Near Kashi Railway Station, Post Box No. 63, Banaras (U.P.).
- *4. Union Company (Accessories) Private Ltd., 29, Mount Road, Madras-2.
- *5. M/s. Indo-Belga Engg. Co. Ltd., Dudheswar Road, Ahmedabad.
- *6. Urban Engineering Association, 32/J, Sahitya Parishad Street, Calcutta-6.
- *7. West Bengal Corporation, 49, Burtolla Street, Calcutta-7.

Consumers

- @1. Ashol-Leyland Motors Ltd., Post Box No. 1825, Madras.
- @2. Automobile Products of India Ltd., Bhandup, Bombay.
- *3. Hindustan Motors Ltd., 8, India Exchange Place, Calcutta.
- @4. Mahindra & Mahindra Ltd., Gateway Building, Apollo Bunder, Fort, Bombay.
- *5. Premier Automobiles Ltd., Agra Road, Kurla, Bombay.
- @6. Standard Motor Products of India Ltd., 29, Mount Road, Madras.
- *7. Tata Locomotive & Engineering Co. Ltd., Bombay House, 24, Bruce Street, Fort, Bombay.
- *8. Burmah-Shell Oil Storage & Distribution Co. of India Ltd., Burmah-Shell House, Currimbhoy Road, Ballard Estate, Bombay-1.
- @9. United Motors Works & Co. Ltd., 14, Netaji Subhas Road, Calcutta-1.
- *10. Burmah-Shell Oil Storage & Distribution Co. of India Ltd., Burmah-Shell House, Cannught Circus, P.B. No. 7, New Delhi-1.
- *11. Cannara Public Conveyance Co. Ltd., Post Box No. 85, Mangalore (S. India).
- 12. Shri Rama Vilas Service (Private) Ltd., 'Dinrose Estate', 1/17, Mount Road, Madras-2.
- @13. National Transport Agency, 60/1, Ballygunge Circular Road, Calcutta-19.
- @14. R. Sen & Co., 10/1, Elgin Road, Calcutta-20.
- 15. Kumaon Roadways, Kathgodam.
- 16. Manipur Motor Owners' Co-operative Society, Imphal.
- *17. The Automobile Transport (Rajasthan) Ltd., Ajmer.
- 18. H.C.C. Limited, Hyderabad City.

Consumers (Contd.)

19. P.S.N. Motor Private Ltd., Trichur (S. India).
20. The General Manager, Bilaspur Transport Co. Ltd., Bilaspur (Simla Hills)
- @21. The Chairman, Bombay State Road Transport, Central Stores, Ghodbunder Road, Santacruz, Bombay-26.
- *22. The Director of Transport Services, Madhya Pradesh, Bhopal.
23. The General Manager, Delhi Road Transport Authority, Scindia House, New Delhi.
24. The General Manager, Government Transport Service, Jaipur.
- @25. The Director General, Transport Directorate, Government of West Bengal, P-11, Mission Row Extension, Calcutta.
26. The Manager, Jullunder Omnibus Service, Jullunder.
- *27. The Secretary, Mysore Government Road Transport Department, Bangalore.
- *28. The General Manager, Orissa Road Transport Services Ltd., Berhampur, Ganjam District, Orissa State.
29. The Superintendent, State Road Transport Department, Murshidabad.
30. The Secretary, Board of Control, State Transport, Shillong, Assam.
31. The General Manager, U.P. Government Roadways, Allahabad.

Importers

- *1. Automobile Products of India Ltd., Bhandup, Bombay.
2. Hindustan Motors Ltd., 8, India Exchange Place, Calcutta.
- @3. Premier Automobiles Ltd., Agra Road, Kurla, Bombay.
4. Dunlop Rubber Co. (India) Ltd., Dunlop House, 57-B, Free School Street, Calcutta.
- *5. The Goodyear Tyre & Rubber Co. of India Ltd., 209, Lower Circular Road, Calcutta-17.
- @6. India Tyre and Rubber Co. (India) Private Ltd., Spencer Building, Forjet Street, Cumbatta Hill, Bombay-26.

Raw Material Suppliers

- *1. National Pipes and Tubes Co. Ltd., Stephen House, 4, Dalhousie Square East, Calcutta-1.
2. Devidayal (Sales) Private Ltd., Tulsiram Gupta, Mills Estate, Darukhana Bombay-10.

Distributors

- *1. Dunlop Rubber Co. (India) Ltd., Dunlop House, 57-B, Free School Street, Calcutta-16.
- *2. Firestone Tyre & Rubber Co. of India (Private) Ltd., Hay Bunder Road, Sewree, Bombay-15.

Government Departments

- *1. Senior Industrial Adviser, Ministry of Commerce and Industry, Development Wing, Udyog Bhavan, King Edward Road, New Delhi.
- *2. Collector of Customs, Bombay.
- *3. Collector of Customs, Calcutta.
- *4. Collector of Customs, Cochin.
- *5. Collector of Customs, Madras.

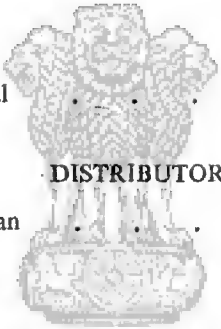
Government Departments (Contd.)

- @6. The Director General of Supplies & Disposals, Shahjahan Road, New Delhi.
- *7. The Director, Indian Standards Institution, 19, University Road, Civil Lines, Delhi-8.
- *8. Director General of Commercial Intelligence and Statistics, 1, Council House Street, Calcutta-1.
- *9. First Secretary (Commercial) to the Embassy of India, 262, Koblenzovstrasse, Bonn, West Germany.
- *10. The Senior Statistical Officer, Office of the Chief Controller of Imports and Exports, New Delhi.
- *11. Councillor Commercial to the High Commission of India, 'India House' Aldwych, London (U.K.).
- *12. Director of Industries, Government of Bombay, Bombay.
- 13. Director of Industries and Labour, No. 1, Rajpur Road, Delhi.
- 14. Director of Industries, Government of Madras, Madras.
- 15. Chief Secretary to the Government of Bombay, Bombay.
- 16. Chief Secretary to the Government of Madras, Madras.
- 17. Chief Secretary to the Government of Andhra Pradesh, Hyderabad.
- 18. Chief Secretary to the Government of Mysore, Bangalore.
- 19. Chief Secretary to the Government of Kerala, Trivandrum.
- 20. Chief Secretary to the Government of Madhya Pradesh, Bhopal.
- 21. Chief Secretary to the Government of Orissa, Bhubaneshwar.
- 22. Chief Secretary to the Government of West Bengal, Calcutta.
- 23. Chief Secretary to the Government of Assam, Shillong.
- 24. Chief Secretary to the Government of Uttar Pradesh, Lucknow.
- 25. Chief Secretary to the Government of Bihar, Patna.
- *26. Chief Secretary to the Government of East Punjab, Chandigarh.
- 27. Chief Secretary to the Government of Himachal Pradesh, Simla.
- 28. Chief Secretary to the Government of Rajasthan, Jaipur.
- 29. Chief Secretary to the Government of Jammu and Kashmir, Srinagar.
- 30. The Chief Commissioner, Delhi.

APPENDIX II

[Vide paragraph 3.2]

*List of persons who attended the Commission's public inquiry on the
26th February, 1960*

Sl. No.	Name of the Representative	Representing
<hr/>		
PRODUCERS		
1	Shri R. Mahadevan	Union Co. (Accessories) Private Ltd., 29, Mount Road, Madras-2.
2	„ Chinubhai V. Shah	Ahmedabad Star Engg., Works Pvt. Ltd., 1730, Haribhai's Dehla, Outside Prem Gate, Ahmedabad-11.
3	„ Bansi Ram Katyal	Associated Engineering Works Ltd., Kashmere Gate, Delhi-6.
		
DISTRIBUTOR		
	Shri K. C. Balakrishnan	The Dunlop Rubber Co. (India) Ltd., Dunlop House, 57-B, Free School Street, Calcutta-16.
RAW MATERIAL PRODUCER		
	Shri K. S. Chari	Devidayal (Sales) Private Ltd., Tulsiram Gupta Mills Estate, Darukhana, Bombay-1.
GOVERNMENT DEPARTMENT		
	Shri P. S. Rao, Deputy Development Officer (Auto).	Ministry of Commerce and Industry, Development Wing, Udyog Bhavan, King Edward Road, New Delhi.
